

Message Text

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67

ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

OEP-01 GSA-01 INT-08 COME-00 EB-11 TRSE-00 T-03 OMB-01

SEC-03 RSR-01 /119 W

----- 075958

R 161933 Z MAR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9776

UNCLAS LONDON 03195

E. O. 11652: N/A

TAGS: EMIN, EIND

SUBJECT: METALS: LONDON MARKET REACTION TO STOCKPILE
ANNOUNCEMENT

REF: STATE 48668

1. LONDON METAL MARKET REACTED SHARPLY ON MARCH 15 TO
NEWS OF STOCKPILE DECISION. MOST METALS WERE DOWN,
WITH TIN, COPPER AND SILVER MOST SHARPLY HIT. HOWEVER
SOME METALS (ALUMINUM AND TUNGSTEN) MOVED CONTRARY TO
TREND AND PRICE' S EVEN OF MOST SHARPLY AFFECTED METALS
CLOSED ABOVE DAY' S LOWS.

2. TIN WAS METAL MOST AFFECTED BY STOCKPILE ANNOUNCE-
MENT. BOTH CASH AND FORWARD TIN DROPPED SHARPLY ON LME,
WITH PRICES DOWN BY ABOUT 28 POUNDS ON AFTERNOON CLOSING.
COPPER ALSO DECLINED SHARPLY, FALLING BY L3 POUNDS, WHILE
SILVER ON LME WAS DOWN BY 2.15 PENCE. LEAD AND ZINC
SHOWED DOWNWARD TRENDS, BUT DECLINES MORE MODERATE
THAN FOR OTHER METALS AND AFTERNOON RALLIES PARED MUCH
OF LOSS.

3. LME STILL DIGESTING NEWS (AND PRESIDENT' S STATE-
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MENT WHICH REPORTED HERE AFTER CLOSING). CONSENSUS, HOWEVER, IS THAT TIN MOST VULNERABLE TO PROPOSED RELEASE. QUANTITY IN STOCKPILE AS COMPARED TO WORLD PRODUCTION, EXISTING DISPOSAL AUTHORITY AND FACT THAT ITC BUFFER STOCK MANAGER PRESUMABLY HOLDS OVER 12,000 TONS OF TIN METAL ALL FACTORS THAT INDICATE TIN RELEASES COULD HAVE GREATER IMPACT ON MARKET THAN IN CASE OF OTHER METALS.

ANNENBERG

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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